



U.S. Immigration
and Customs
Enforcement

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News Release

8 INDICTED FOR SMUGGLING AND TRAFFICKING IN CONTRABAND CIGARETTES AND MONEY LAUNDERING

SEATTLE — Eight people have been indicted here on federal charges in connection with a massive trafficking scheme involving contraband cigarettes that is estimated to have cost the State of Washington more than \$3 million in tax revenues.

The eight defendants made their initial appearance in federal court today on charges of conspiracy, smuggling and trafficking in contraband cigarettes, and money laundering. Named in the 44-count indictment are: Stormmy V. Paul, 40, of Marysville; Lyle Shawn Conway, 32, of Tacoma; Lyle Wayne Conway, 68, of Fife; Silas Cross, 64, of Fife; Gerald George, 56, of Tacoma; Elizabeth “Vicki” Gord, 48, of Tacoma; David Turnipseed, 49, of Fife; and Joshua Turnipseed, 26, of Fife.

The suspects are accused of importing contraband cigarettes primarily from China and selling them without paying the applicable State of Washington taxes. The conspirators are alleged to have engaged in as many as 900 financial transactions designed to launder \$7.4 million in proceeds from the illegal sales of contraband cigarettes.

Contraband cigarettes are cigarettes which bear no Washington tax stamp and for which no Washington cigarette tax has been paid. All those indicted, except Paul, are owners of smoke shops on the Puyallup Tribal Reservation in western Washington.

According to the indictment, Paul imported millions of contraband cigarettes into Washington and sold them to the other conspirators, who then sold them illegally to the public. The indictment alleges Paul, who was not licensed to distribute cigarettes in the state, sold at least 2.4 million packs of contraband cigarettes in more than six hundred transactions to the conspirators.

On June 8, 2004, a joint operation by U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms & Explosives (ATF), and the Washington State Liquor Control Board netted more than 130,000 cartons of contraband cigarettes (approximately 26 million cigarettes) at 13 locations. In addition, investigators also seized nearly \$600,000 in currency from the various smoke shops and other locations.

“Cigarettes, at least when possessed in large quantities, are -- like drugs, corrosive liquids and firearms -- appropriate for regulation,” stated John McKay, the United States Attorney for the Western District of Washington. “The law does not grant tribal enterprises or individual shop owners on the reservation, which sell goods to nonmembers, an artificial competitive advantage over all other businesses in the State.”

McKay stressed this is not an action brought against the Puyallup Tribe, or any other tribe, but is a prosecution of several individuals who allegedly trafficked in large quantities of contraband cigarettes and reaped substantial profits for themselves.

The Supreme Court of the United States has held that Washington's cigarette taxes are reasonably designed to prevent the Tribes, or tribal members, from marketing their tax exemption to nonmembers who do not receive significant tribal services and who would otherwise purchase their cigarettes outside the reservations.

“The illegal cigarette trade represents a real threat to government revenues and economies,” said Leigh Winchell, special agent-in-charge of the Seattle office of investigations for U.S. Immigration and Customs Enforcement (ICE). “This collaborative investigation targets the smuggling and trafficking of cigarettes and the associated money laundering utilized to conceal illicit profits.”

“The Tobacco Tax Enforcement Program has been interested in Stormmy Paul and his business ventures involving untaxed, unstamped contraband cigarettes for several years,” said Carter Mitchell, Tobacco Tax Program Manager for the State of Washington Liquor Control Board. “Our officers spent a lot of hours conducting surveillances on Paul and many of his associates who were also named in the indictment.”

If convicted, the conspirators face up to five years in prison and a \$250,000 fine on each count in connection with the smuggling and trafficking charges. If convicted of money laundering, the conspirators face up to twenty years in prison and a \$500,000 fine.

ICE

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.